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Sent: Thursday, October 20, 2005 5:11 PM  
To: ATR-Real Estate Workshop  
Subject:

Please make this profession, more professional, more balanced, more stable, more fair, less viciously competitive. Thank you. From 2 California Realtors.

October 20, 2005

## Competition in Real Estate

### To Whom it May Concern:

Real Estate is the most viciously competitive occupation in the United States today. And, within the field of real estate every realtor must constantly be warding off aggressive attacks from brokerage owners and other realtors. Clients and commissions are at stake. Other realtors, brokerages, and the consumer are all fighting for the same piece of the pie.

Buyers are very litigious. Realtors must protect themselves from their own clients.

Large brokerages are large powerful cooperations and wield their power to the detriment of the realtor.

Currently, 3% of the realtors make 97% of the income which fosters distrust, paranoia, fear and greed amongst realtors.

### **Why are people realtors?**

It takes very little formal education.

It arouses and excites, every American's "get rich quick" dream.

There is no time clock to punch.

### **What do realtors really do?**

They sell real estate through listings. Listings can be owned by anyone. Realtors try to sell other people's and their own listings. Yet, they are not allowed to advertise any listings but their own. These listings change constantly. The market conditions change constantly. Laws and local customs change continually.

Realtors are expected to know local, regional and national economic factors affecting the market. They are expected to know all legal aspects of real estate. They are expected to know city, county, state and national ordinances that govern all real estate. They are expected to know all types of real estate. They are expected to convince people to buy or sell real estate. They are expected to create a team of lenders, inspectors, banks, lawyers, services, etc., to make a transaction go to completion. They are expected to have access to and generate listings and clients. They are expected to act ethically. They are expected to market themselves.

Realtor sales people pay for the privilege of selling listings, ie., realtors pay brokerages for the privilege of working for them. Realtors pay for professional insurance, technology, transportation, marketing and advertising. Some of these expenses are mandatory and are paid to the Brokerage. Realtors also pay a "desk fee" to the Brokerage.

Realtors work for Brokerages but are not considered employees by the IRS. They must pay for all their health, vacation, dental and retirement benefits themselves.

Brokerages, in turn, dictate the commission at which a realtor can take a listing, the commission percentage they must pay to the brokerage, and how the realtor must present themselves and their Brokerage services to clients. Brokerages also demand participation in their company in fundraisers, in house services and products, brokerage goals in marketing and sales and level of performance. Brokerages charge realtors services. Brokerages show favoritism, treat realtors differently and “hire and fire” at will. Brokerages act like employers, but are not employers.

Realtors get a commission based on sales volume.

### **The System**

Realtors have little protection from their Brokerage, from other realtors or from government regulation.

Making listings more accessible to the public makes a greater hardship on individual real estate sales people.

All Brokerages should be able to sell all listings. All brokerages should guarantee minimal services to clients. All realtors should be able to advertise as well as sell all listings. All realtors should be licensed and educated. Companies such as Mortgage brokers, banks, etc., have a conflict of interest and should not be able to directly profit by or advertise buying and selling real estate.

The public should be able to access listings for informational purposes only. Just as the public cannot buy wholesale products or products that are for sale through the trade. The public cannot buy mortgages directly from the lender, they must go through mortgage company. If an individual wants his teeth cleaned he/she must go through the respectively professional and pay a fee for that service.

Professional, conscientious real estate sales people often work 7 days a week and only get paid when a sales transaction is complete. They must endure the economic climate, the public image of the industry, the clients personal stresses and , the abusive treatment by other realtors and brokerages.

It is time to help and protect the realtor as a bonafide professional in today’s society and economy. And, limit the competition to a foster a healthy professional climate.